



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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April 11, 1994

TO: Minerals File M/047/013

FROM: Anthony A. Gallegos, Reclamation Engineer *adg*

RE: Release of Reclamation Surety, Ziegler Gilsonite Mines, M/047/013, Uintah County, Utah

Ziegler Chemical & Minerals Corporation now has underground gilsonite operations on lands administered by State Lands & Forestry, the BLM, and the Division. Operations on State Lands require that a bond be posted with State Lands as part of the acquisition of a minerals lease. Gilsonite operations on BLM lands are managed under their solid leasable minerals program. Ziegler currently has a \$25,000 statewide bond posted with the BLM. The statewide bond is for both active and inactive gilsonite leases. The statewide bond may be accessed to compensate for rental payments, royalty payments or costs of reclamation. No portion of the statewide bond is "assigned" to each of the three categories of access, i.e. each category can access the entire bond amount if needed. Under these provisions, the Division cannot accept a statewide bond as a reclamation surety for this mining operation.

There are two existing Memorandums of Understanding (MOUs) which pertain to this situation. One MOU is between the Division of Oil, Gas & Mining and the Division of State Lands & Forestry. Under this MOU each agency will recognize sureties held by the other agency for a mining operation. Also, each agency will require written permission from the other prior to releasing a surety. Another MOU between the BLM and the Division deals with BLM leasable minerals. This MOU has essentially the same conditions as the previous one discussed.

**Therefore, written permission from State Lands & Forestry and/or the BLM must be received prior to release of reclamation surety for the Ziegler Gilsonite Mines by this Division.**

jb

cc: Norm Haslem, Ziegler  
Alan Vance, BLM  
Bond File M/047/013

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